



44 East Mifflin Street • Suite 402 • Madison, Wisconsin 53703 • 608/257-3151

Public Service Commission of Wisconsin
RECEIVED: 07/27/2022 11:15:54 AM

To: Public Service Commission of Wisconsin
ATTN: Jolene Sheil

From: Bill Skewes, Executive Director
Wisconsin Utilities Association, Inc.

Re: WUA Comments on Docket 5-FE-104

Date: July 27, 2022

On behalf of Wisconsin's retail investor-owned gas and electric energy providers, the Wisconsin Utilities Association ("WUA") thanks the Public Service Commission of Wisconsin ("PSCW" or "Commission") for the continued opportunity to participate in this docket. WUA appreciates the Commission's deliberate approach to quadrennial planning. WUA's comments on each of the topics from the phase two memo regarding micro implementation decisions follow.

How should Focus on Energy goals be stated and tracked?

WUA believes that, given the volatility of natural gas prices, it is reasonable to build some flexibility into which fuel source the program pursues. To ensure benefits to all ratepayers, the minimum performance requirements should be viewed as a floor and set accordingly. WUA recommends revisiting the exchange rate between therms and kWh savings. The current rate provides for a more beneficial exchange from therms to kWh than it does in the other direction.

Time-Varying Value of Energy Efficiency and Renewable Resources

The system benefits of energy efficiency measures can vary depending on when they are operational. In the past, Focus has emphasized energy savings irrespective of time and prioritized usage over demand. As the generation mix changes, WUA recommends the program begin to prioritize demand reductions with the understanding that this quadrennial period may be a transitional period. The program should begin quantifying and tracking programmatic impacts on winter peak periods as well as peak gas usage. WUA does not believe there is enough information to incorporate winter peak electric or peak gas usage into program goals yet, however it will be important to understand in the future. Emphasis on summer peak demand usage and considering the time value of energy efficiency and renewables will better align energy efficiency measures with the changing generation mix.

Budgets

In general, WUA believes that setting outcome-based Key Performance Indicators is more efficient than prescribing budget carve-outs. For renewables, specifically solar photovoltaic (PV) systems, the program has reduced incentives per system which has not decreased participation; in fact, customer uptake of PV incentives has increased. This is largely due to the federal Investment Tax Credits and declining system costs. Free ridership is also increasing, meaning the program is paying customers to do something they were already going to do. WUA believes it's time to reassess the need to provide incentives for PV systems at this point.

WUA also supports ensuring an equitable distribution of program incentives throughout the state and recognizes the specific challenges related to delivering programs in certain areas (e.g., rural.) WUA believes setting an outcome-based Key Performance Indicator that considers participation in geographic areas with high energy burden could be one way to accomplish a more equitable distribution of participation and program dollars more effectively than setting a spending target. WUA recommends that the program use Census tracts as opposed to ZIP codes which are not necessarily a meaningful community delineation.